



Control Number: 42919



Item Number: 28

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-0372.WS
PUC DOCKET NO. 42919

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**APPLICATIONS OF DOUBLE
DIAMOND UTILITIES CO. FOR A
WATER RATE/TARIFF CHANGE**

§ **BEFORE THE STATE OFFICE**
§
§ **OF**
§ **ADMINISTRATIVE HEARINGS**

JOINT STATUS UPDATE

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE CRAIG R. BENNETT:
COMES NOW, Staff of the Public Utility Commission of Texas (Staff) and files
this Joint Status Update Conference and would show the following:

1. BACKGROUND

On October 13, 2013, Double Diamond Utilities Company (Double Diamond or Applicant) filed with the Texas Commission on Environmental Quality (TCEQ) a request to increase its water and sewer rates and change its water and sewer tariffs (Application). The proposed rate increase had an effective date of January 1, 2014. It was assigned TCEQ Docket No. 2014-0619-UCR. The deadline for customer protests was April 1, 2014. Out of Double Diamond's 86 customers, more than 10% of the customers (protestants or hearing requesters) timely filed protests to the Application. Because at least ten percent of the affected ratepayers protested the proposed rate in accordance with 16 Tex. Admin. Code § 24.27(c) (TAC), TCEQ staff referred this case to the State Office of Administrative Hearings (SOAH) on May 22, 2014. A prehearing conference was never held pursuant to TCEQ's referral.

On September 1, 2014, the Commission began the economic regulation of water and sewer utilities, and this case was transferred to the Commission. On September 24, 2014, the Commission issued an order of referral to SOAH requesting the assignment of a SOAH Administrative Law Judge (ALJ) to conduct a hearing. In the same order, the Commission requested that parties submit

28

a list of issues to help develop a preliminary order to issue to SOAH. On October 2, 2014, Staff filed a list of issues. On September 26, 2014, Double Diamond filed a notice of settlement and petition for withdrawal of protests and motion for remand. Double Diamond's motion revealed that in June 2014, all but five of the customers who initially protested Double Diamond's rates withdrew their protests and settled with the utility. Therefore, Double Diamond's proposed rates were no longer protested by ten percent or more of its affected ratepayers.

On October 2, 2014, the Applicant filed a joint motion to abate and remand with a settlement agreement and withdrawal letters attached. Staff was not a party to the settlement agreement or the motion to remand. On October 6, 2014, SOAH Order No. 2 dismissed and remanded the case to the Commission. On October 6, 2014, Staff filed a motion for reconsideration of SOAH Order No. 2, requesting that the case be abated and not remanded to the Commission to allow Staff time to review the settlement agreement before SOAH relinquished its jurisdiction. SOAH Order No. 3 granted Staff's request. On October 9, 2014, the Commission notified the parties that it would not consider a preliminary order for this matter at the October 17, 2014 Open Meeting, but said that it would consider a preliminary order in the future if one was needed. Subsequent to SOAH Order No. 3, Staff communicated with the Applicant to determine whether it could develop a final order. On April 2, 2015, the Applicant filed a request for additional time to allow it and Staff time to resolve this matter. Staff communicated with the Applicant and encouraged it to identify and locate the few protestants who had not withdrawn and inquire whether they still had an interest in pursuing this case.

Staff filed a request for a hearing with SOAH on May 15, 2015 to determine whether any of the protestants who had not yet withdrawn were still interested in contesting this matter. Subsequently, SOAH scheduled a prehearing conference on June 16, 2015. On May 29, 2015, the Applicant filed with the Commission hearing request withdraw letters for each individual in the record who originally requested a hearing. Staff reviewed the letters and was satisfied that no protestants of record continue to contest this matter. Therefore, on June 5, 2015 Staff and the Applicant filed a Joint Request to Cancel Prehearing Conference. The SOAH ALJ granted that request and instructed the parties to file a status update by July 10, 2015.

II. STATUS UPDATE

The parties are working together to develop a settlement package. Staff is reviewing settlement testimony provided by the Applicant, and Staff is also developing its own settlement testimony. The parties request until July 28, 2015 to file a settlement package or status update. Staff has conferred with the Applicant, and the Applicant concurs with this pleading.

III. CONCLUSION

Staff respectfully requests that the presiding officer enter an order consistent with the above requests.

Respectfully Submitted,

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I certify that a copy of this document will be served on all parties of record on July 9, 2015
in accordance with 16 TAC § 22.74.

Douglas M. Brown


